

The spending plan will cut an estimated 2,400 children off state subsidized care, give cities and towns no additional education aid and create a host of small taxes.

**BY STEVE PEOPLES**

JOURNAL STATE HOUSE BUREAU

PROVIDENCE - The fiscal 2008 state budget became law yesterday.

In the span of five hours, Governor Carcieri vetoed the budget, the General Assembly overturned the veto, and the lawmakers, lobbyists, and legislative staff of Smith Hill waged intense closed-door negotiations as major provisions related to the state's \$6.99-billion spending plan are expected to change before the Assembly

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leaves for the year, which may happen today.

During his early afternoon veto ceremony, Carcieri blasted the budget approved by the General Assembly for putting "the burden of the state's fiscal crisis squarely on the backs of Rhode Island families."

Knowing he was facing a likely veto override by the Democrat-dominated legislature, the Republican governor told the media horde gathered in the ornate State Room that the veto ceremony

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ny was not for show.

"I don't believe it's theater. I don't believe for a moment that it's futile," Carcieri said of his third veto in five years, the first since 2004. "If I believe this is a bad budget, I'm going to veto it. I'm going to say why. And I want the public and all our citizens to know."

Both chambers of the General Assembly had overturned the veto with a three-fifths vote less than five hours later.

The spending plan that takes effect in 10 days will knock an estimated 2,400 children off state subsidized childcare. It gives cities and towns no more education aid than they got this year. And it creates a host of small taxes and fees that will affect barbers, veterinarians, poor and disabled prescription-drug users, and just about every car owner in Rhode Island.

The override vote fell largely along party lines, though two House Democrats voted against it: Rene Menard, D-Lincoln, and Steven F. Smith, D-Providence, the president of the Providence

Teachers Union.

"This budget was an achievement, but not a triumph," said House Finance Committee Steven M. Costantino, one of the budget's principal architects, who characterized the spending plan as painful, but responsible given the need to close a budget deficit close to \$300 million.

Meanwhile, on the same day the budget was finalized, legislative leaders continued to push a separate "municipal aid package" that would allow cities and towns to raise more than \$37 million in new taxes and fees, significantly more than the \$19 million in education aid that the Assembly stripped from the governor's budget proposal. The package includes a tax for cable and satellite television customers, a tax on water rates, and a tax increase on

real estate sales.

The full House and Senate may vote on the proposals today, though the cable tax bill was not voted on by the House Finance Committee last night.

Senate Finance Committee Chairman Stephen D. Alves, D-West Warwick, said that legislative leaders had been considering the tax bills for "the past couple months."

"Frankly, we were just going back and forth, back and forth, which ones we would do, which we wouldn't," Alves said. "We wanted, quite frankly, to see some cities and towns come forward and say they support the legislation. It wasn't up until a couple days ago where all the rest of the chief executives of cities and towns came forward."

Eleven mayors and town administrators stood shoulder to shoulder at the State House ro-

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to institute a 3.5-percent tax on cable and satellite television service (the tax would not apply to Internet and digital telephone services) would apply to all users across the state.

The tax would cost an additional \$1.75 for a customer with a \$50 monthly cable bill. And it would provide hundreds of thousands of dollars to municipalities each quarter after being distributed based on population proportion.

Another proposal would generate an estimated \$8.5 million by raising municipal water rates by 8 percent. And another water-related bill would save \$5 million by prohibiting municipal water providers from charging rental fees for fire hydrants to cities and towns. A separate real estate transfer tax would raise an estimated \$15 million by increasing the fee paid by home seller at the time of sale.

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#### GOVERNOR CARCIERI

Governor Carcieri said yesterday he would veto the bills if approved by the Assembly.

"If you're going to have taxes on cable, taxes on people, on their water, and transfer taxes on real estate, they're all DOA on my desk, so they better be lining up the veto overrides now, because they will be shot down," he said. "I am not interested in increasing the tax burden on our citizens. It's already too high."

The tax package is not the only substantive budget-related change that may come before lawmakers adjourn.

There was little discussion yesterday about a proposal to allow the state's video-slot parlors to stay open 24 hours on weekends, but lawmakers were "close" to introducing a bill regarding sending teens to state prison.

The budget finalized yesterday requires all 17-year-olds charged with criminal offenses to

be tried as adults and sent to the Adult Correctional Institutions if sentenced to jail time. The move may save as much as \$3.6 million because the cost of housing inmates at the ACI is considerably cheaper than the Rhode Island Training School.

Opponents staged a rally on the State House front steps yesterday afternoon, urging lawmakers to pass a bill reversing the measure. Among them was 9-year-old Cole Burgess, of Warwick, who held a sign that read: "You want me to go to jail at 17? Do you want me to vote too?"

Alves and Costantino acknowledged that discussions continued yesterday regarding such a bill.

"There is a bill drafted," Alves said. "We're working on language. We've been working on it since 10 in the morning." The bill was not scheduled for a committee hearing or floor vote

late last night.

And regardless of the outcome of next year's budget, the Rhode Island's fiscal problems are not over.

Lawmakers are facing a fiscal 2009 deficit of \$376 million, which will grow to \$422 million the following year, according to an analysis by the business-backed Rhode Island Public Expenditure Council.

Carcieri, shortly after vetoing the Assembly's budget, said the legislative and executive branch would have to work together to address the deficit.

House Speaker William J. Murphy, meanwhile, had this to say: "The governor's politics of polarization is not in the best interests of Rhode Islanders. I will reach out to the governor to discuss the state of the state and to encourage a bipartisan effort to move Rhode Island forward."

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tunda Wednesday to ask legislators for help. They included mayors from Cumberland, Providence, Pawtucket, Warwick, North Providence, East Greenwich, East Providence, and West Warwick, among others.

Rep. Jan Malik, D-Warren, was among the handful of lawmakers who watched the news conference from the second-floor balcony.

"It just bothers me to see this whole set up. They're trying to find an easy way out," he said yesterday of his fellow legislators. "I'm not going to vote for it. I don't think it's going to happen."

Rep. Edwin R. Pacheco, D-Burrillville would not say yesterday how he would vote, but said the dispute between urban and suburban communities that caused House leaders to withdraw the tax package from budget discussions last week were

no longer an issue.

He is concerned, however, that the Assembly may pass the new tax and fee package after finalizing a state budget with "a number of licensing fees, service fees and everything else." "We passed a budget like that on Friday and nobody liked it," he said. "Then we turned around and we're going to raise taxes on a slew of other different things to help fund municipalities? For me, personally, that was very frustrating. I don't want to have to raise taxes to begin with."

Costantino defended the package, calling it "a recent development." "This is not a tax. It's going to cities and towns. The state doesn't get one penny of this package."

And while most of the five related bills would simply enable municipalities to enact service-related fees and taxes, a proposal